

June 24, 2019

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th St. SW
Washington, D.C. 20554

Re: USTelecom Ex Parte Notice, WC Docket No. 19-126, *Rural Digital Opportunity Fund*

Dear Ms. Dortch:

On June 20, 2019, representatives of USTelecom, AT&T, CenturyLink, Consolidated, Frontier, Verizon and Windstream (USTelecom Members) met with FCC Wireline Bureau and Rural Broadband Auction Task Force Staff; the full list of participants is below.

The purpose of the meeting was for USTelecom to present additional information and ideas with respect to the format and timing of the Rural Digital Opportunities Fund (RDOF). First, USTelecom offered a better understanding and reasonable estimate of unserved housing units in rural census blocks (CBs) deemed served under the FCC's Form 477, drawing from analysis conducted as part of the Georgia Broadband Deployment Initiative (GBI).¹ The GBI collected address-level service data from wireline broadband providers in three rural counties. Because the 2,690 CBs (and 24,000 housing units) in the study were reported as "served" in the Form 477 under the "one-served, all-served" rule, the results provide a clear picture of the negative impact of that rule and the need for an improved broadband mapping process. The Georgia study revealed that rural CBs reported as "served" in fact contained a high number of unserved locations. In small CBs, 21 percent of the locations were actually unserved, and in larger CBs (2+ square miles), over 40 percent of the purportedly served locations were actually unserved; the overall average percent of the locations actually unserved in CBs marked as "served" was 36 percent.

While limited in scope, the size and methodology of the GBI makes the results a useful proxy for examining the national challenge of inaccurate broadband availability data. We therefore applied the stratified GBI results to all rural census blocks reported as "served" in the Form 477 to help understand the ramifications of continuing to use the data for funding programs. (See Attachment A). The result suggests that over 6 million rural locations in CBs reported as "served" potentially do not have 25/3 Mbps broadband. For comparison, the number of housing units in rural CBs reported as "unserved" totals 6.2 million. USTelecom noted that because Census Block Groups (CBGs) tend to be a mix of unserved and served CBs, targeting funding to just unserved CBs would create long-term network buildout inefficiencies. USTelecom believes an auction of unserved CBs would leave too many housing units behind in the so-called "served" CBs and negatively impact bidding and broadband deployments in future

¹ See Georgia Broadband Deployment Initiative, <https://broadband.georgia.gov/> (last visited June 24, 2019).

auctions. These findings strongly underscore USTelecom's position that the Commission must await the implementation of a location-based broadband reporting program before proceeding with a major \$20 Billion program.²

However, USTelecom recognizes the Commission's desire to continue making progress in closing the digital divide and proposed an auction concept that could distribute much-needed funds to unserved housing units in the short-term to complement the longer-term vision of the RDOF. Specifically, USTelecom proposed an initial auction that would fund only housing units in totally unserved rural census block groups. Our analysis revealed that there are 2,683 CBGs nationwide that are reported as entirely unserved at 25/3 Mbps. All of these CBGs are in rural areas and they contain approximately 724,000 unserved housing units, slightly more than the number won in last year's CAF II auction.³ The fact that the entire CBG (roughly 39 contiguous census blocks)⁴ remain unserved suggests these CBGs may be particularly problematic to serve without USF support. Additionally, these totally unserved rural CBGs are geographically situated to better maximize network buildout efficiencies and thus could be attractive to bidders. Importantly, an auction based on totally unserved rural CBGs could be implemented using largely the same auction procedures as the CAF II Auction and, therefore, be designed and completed in a quick timeframe. Following this initial auction, and after completing a location-based broadband reporting program consistent with the Broadband Mapping Initiative proposed by USTelecom, ITTA and WISPA, the Commission could then move forward with an auction targeting all remaining unserved locations. Such a two-stage approach would target those who are most in need of support quickly while ensuring an efficient and effective RDOF auction that ensures no unserved Americans are left behind.

USTelecom will continue its analyses and share results with the Commission as quickly as possible. However, USTelecom believes that a totally unserved rural CBG auction has the potential to bring broadband to many of what appear to be the hardest to reach housing units nationwide without adversely impacting future funding programs. Together, the success of these auctions could prove very effective in bridging the digital divide. USTelecom looks forward to continuing to work with the Commission in its efforts.

² See, e.g., Letter of B. Lynn Follansbee, VP Law & Policy, USTelecom to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90, 11-10 (Mar. 21, 2019).

³ See FCC, Connect America Fund Auction to Expand Broadband to Over 700,000 Rural Homes and Businesses, Press Release, <https://docs.fcc.gov/public/attachments/DOC-353840A1.pdf> (Aug. 28, 2018) (announcing that 713,176 locations will be served as part of the CAF 2 Auction).

⁴ See Current 360, Research 101: Census Tracts vs. Census Block Groups, <https://current360.com/research-101-census-tracts-vs-census-block-groups/> (last visited June 24, 2019) ("Block groups generally contain between 600 and 3,000 people, with an optimum size of 1,500 people. There are about 39 blocks per census group.").

Please contact me with any questions.

Sincerely,

_____/s/____

Mike Saperstein
Vice President, Policy & Advocacy

Attendees and cc:

FCC Staff

Nathan Eagan—Rural Broadband Auctions Task Force
Chelsea Fallon—Rural Broadband Auctions Task Force
Lauren Garry—Wireline Competition Bureau
Jesse Jachman—Wireline Competition Bureau
Katie King—Wireline Competition Bureau
Heidi Lankau—Wireline Competition Bureau
Sue McNeil—Wireline Competition Bureau
Ryan Palmer—Wireline Competition Bureau
Steve Rosenberg—Wireline Competition Bureau
Margaret Wiener—Office Economic Analysis
Preston Wise—Office of Chairman Pai (cc only)

Industry Attendees

Sandy Charneski—AT&T (via phone)
Brendan Haggerty—AT&T
Mary Henze—AT&T
Mike Lieberman—AT&T
Jeff Lanning—CenturyLink
Richard Rousselot—CenturyLink (via phone)
Mike Skrivan—Consolidated (via phone)
AJ Burton—Frontier
Diana Eisner—Frontier
Patrick Halley—USTelecom
Mike Saperstein—USTelecom
Alan Buzacott—Verizon
Thomas Whitehead—Windstream